

Minutes of the
RENEWABLE ENERGY COUNCIL

Tuesday, April 8, 2008
Roughrider Room, State Capital
Bismarck, North Dakota

CALL TO ORDER

Shane Goettle, Chairman, called the Renewable Energy Council meeting to order at 10:00 a.m.

Members Present: Shane Goettle, Al Christianson, Terry Goerger, Mark Nisbet, Randy Schneider. Eric Mack

Others Present:

Bill Huether, Department of Commerce
Justin Dever, Department of Commerce
Brandi Schoenberg, Department of Commerce
Karlene Fine, ND Industrial Commission
Jeff Knudson, ND Department of Agriculture
Doug Darling, Lake Region State College
Paul Gundersen, Lake Region State College
Donald Jorgenson, Lake Region State College
Keith Trego, ND Natural Resource Trust
Brendan Jordan, Great Plains Institute
Karen Kreil, ND Natural Resources Trust
Sandra Broekema, Great River Energy
Janell Cole, Forum Communications
Jeff Zueger, Blue Flint Ethanol
Dr. Larry Leistritz, NDSU
Bernie Steele, MBI
Nancy Hodur, NDSU
James H Flaherty, Federal Machine
Norman G. Miller, Federal Machine
Wayne Seames, UND
Niles Hushka; Kadrmas, Lee & Jackson

WELCOME

Shane Goettle welcomed the members of the Renewable Energy Council. Roll call was taken and introductions were made by those present followed by a review of the meeting agenda. Goettle stated that proposals will be considered during this meeting. He explained that the Council's recommendations will go to the Industrial Commission. Goettle stated that some applications didn't reach the technical review process this round because they didn't meet requirements.

APPROVAL OF MINUTES

It was moved by Nisbet, seconded by Schneider, and carried on a voice vote that the minutes of the December 13, 2007 meeting be approved.

PRESENTATION OF FINANCIAL SUMMARIES

Karlene Fine, ND Industrial Commission, summarized the Renewable Energy Program financial information. The program appropriated \$3 million from the general fund and has authority for \$17 million from other funds. She stated that costs might be incurred.

Fine explained that funds for the Biomass Incentive and Research Program would need to be transferred from the Beginning Farmer Revolving Loan Fund and the Biofuel PACE Fund.

In response to a question from Goerger, Fine stated that a request will be made to the Bank of North Dakota to request funding from the Legislature to restore any funds transferred from the Beginning Farmer Revolving Loan program.

In response to a question from Goerger, Goettle stated that presenters today will not appear in front of the Industrial Commission.

CONSIDERATION OF GRANT ROUND 1 APPLICATIONS

R001-B: "Landfill Gas Renewable Energy Project"; Submitted by the City of Fargo; Principal Investigator: Terry Ludlum; Project Duration: 12 months; Total Project Costs: \$1,090,000; Request for: \$500,000

Bill Huether, Department of Commerce, discussed the Landfill Gas Renewable Energy Project submitted by the city of Fargo. Representatives were not available to present. Huether discussed the project objective and the peer reviewers' rating and comments.

Huether said the two technical reviewers gave the proposal an average weighted score of 161 out of 250 points. Technical reviewer 1 recommended that the project not be funded and technical reviewer 2 recommended that funding may be considered.

In response to a question from Nisbet, Goettle stated that there is flexibility on the amount of money to distribute today. He stated there is \$3 million to distribute, but asked to keep in mind that there are two more rounds.

R001-D: "Blue Ethanol E895 Blending Facility"; Submitted by Blue Flint Ethanol; Principal Investigator: Terry Zueger; Project Duration: 1 month; Total Project Costs: \$100,000; Request for: \$50,000

Christianson stated a conflict of interest in that Great River Energy retains 49 percent ownership in the project.

Huether explained the project requesting \$50,000 with an objective to blend and market E85. Huether discussed the peer review rating and their comments. It was stated that the applicant submit a revised application, but it was not sent out. Huether recommends project funding after revisions and re-submitting.

Huether said the two technical reviewers gave the proposal an average weighted score of 135 out of 250 points. Technical reviewer 1 recommended that the project be funded and technical reviewer 2 recommended that the project not be funded.

Jeff Zueger, Blue Flint Ethanol, presented on the proposal. Zueger explained the project and the focus of the application. He discussed issues surrounding E85 and how the product would be moved to market. Zueger asked for consideration of a revised proposal.

In response to a question from Goettle, Zueger stated that the revised proposal addresses technical information, issues surrounding blending and the market opportunities and feedback.

In response to a question from Schneider, Zueger stated that the future of E85 depends on what ethanol producers put into it.

In response to a question from Schneider, Zueger stated that 25,000 vehicles in North Dakota are flex fuel vehicles and there are 24 E85 retail outlets in the state, but it is difficult to get product.

In response to a question from Schneider, Zueger stated that they are in the process of getting equipment to meet requirements and standards.

In response to a question from Nisbet, Zueger stated that North Dakota could be the first to recommend a certain percent be splash blended.

In response to a question from Mack, Zueger stated that they have the capacity to compare results in the marketplace.

In response to a question from Schneider, Zueger stated that they could share the information on the blending process with others.

In response to a question from Goerger, Zueger stated that they would be able to cover a good percentage of the state.

In response to a question from Goerger, Zueger stated that the cost is competitive.

In response to a question from Goerger, Zueger stated that it isn't known if business incentives or grants can be used.

Being no further questions, Huether recommended that reports should be due at six months and one year. Goerger recommended

including a report on the project process to share after the project is completed.

It was moved by Goerger, seconded by Christianson, and carried on a voice vote to include a report of the process used as an educational piece and to adopt technology used.

R001-G: "Abundant Energy: A Proposal for Wind Power Development and Technical Education"; Submitted by Lake Region State College; Principal Investigator: Sharon L. Etemad; Project Duration: 41 months; Total Project Costs: \$3,299,900; Request for: \$500,000

Huether gave an overview of the project, peer review ratings and comments. Huether stated that the matching funds have not yet been secured.

Huether said the two technical reviewers gave the proposal an average weighted score of 133 out of 250 points. Technical reviewers 1 and 4 recommended that funding may be considered.

Doug Darling, Lake Region State College, presented on the proposal. Darling stated that the feasibility studies weren't initially submitted and he covered the project concept and work done with local firms. Darling explained the development of a program to train for the industry. He commented that no firms committed on match and they are working on other grants. He stated that there is a planned nine year payback and there is a demand for 50-120 wind energy technicians by 2011.

In response to a question from Schneider, Darling stated that a curriculum is in the process of being developed. Year one is in place, but year two is still in the process which is the wind energy development aspect.

In response to a question from Schneider, Darling stated that the tower will be the same type as in Langdon.

In response to a question from Nisbet, Darling stated that a technical program is in place and LRSC, but a partnership with BSC may be needed and will be considered.

In response to a question from Mack, Darling stated that the feedback from the community is positive, but a study hasn't been done with the public in the area.

In response to a question from Goerger, Darling stated the whole program can't be done long distance because actual wind tower experience is needed.

In response to a question from Goerger, Gunderson stated that private sector partners will have the opportunity to provide equipment for hands on training.

In response to a question from Goerger, Darling stated that the 2006 study hasn't been updated because resources need to be secured.

Goettle suggested that the council recommend approval contingent on matching funds being secured. He stated that the normal procedure is that funding must come within 60 days, but they may be able to recommend a longer period of time. Goettle stated that other consideration might be to park funds for a year (\$500,000) and then carry over funds to the next biennium.

Darling stated that a commitment from the council would enhance future funding.

In response to a question from Schneider, Darling stated that hiring technicians out of the program and implementing cross training on the job will have cost benefits.

In response to a question from Schneider, Darling stated that the average salary of a technical is \$20-23 per hour up to \$30-40 per hour.

In response to a question from Goettle, Darling stated that the project was submitted for approval to the State Board of Higher Education and it is in stage one approval.

In response to a question from Goerger, Darling stated that no additional grant opportunities have been found but are looking for federal funding. Tax credits aren't available for use.

In response to a question from Schneider, Darling stated that leasing the land on campus for construction has been considered.

No further questions were asked. Goettle asked for discussion on contingencies and stated that the timeframe as an issue.

It was moved by Schneider, seconded by Mack, and carried on a voice vote after amendment that the Council's recommended funding be contingent on the securing of matching funds within a six month timeline.

R001-I: "Feasibility Study of a Biomass Supply for the Spiritwood Industrial Park"; Submitted by Great River Energy, Great Plains Institute, North Dakota Natural Resources Trust, North Dakota Farmers Union and North Dakota Association of Rural Electric Cooperative; Principal Investigator: Sandra Broekema; Project Duration: 15 months; Total Project Costs: \$534,000; Request for: \$109,000

Al Christianson stated a conflict of interest associated with this proposal and Goettle stated the conflict of interest involved.

Huether gave an overview of the project objective and peer review ratings and comments.

Huether said the two technical reviewers gave the proposal an average weighted score of 191.5

out of 250 points. Technical reviewers 2 and 5 recommended that the project be funded.

Huether stated that the technical advisor recommended approval based on the documentation of available funds.

Sandra Broekema and Brendan Jordan, Great Plains Institute, presented on the project proposal. Jordan stated that the project is to start in 2010 and stated the project is significant for conservation. Jordan outlined sources of funding, including the Bush Foundation and stated that the project is scalable.

In response to a question from Schneider, Jordan stated that existing technology allows co-firing up to 10 percent. Jordan stated that harvesting can't be done currently on CRP land, but land coming out of CRP is being considered.

Seeing no further questions, Huether stated that without the Bush grant this project wouldn't have made the match. Huether recommended approval contingent upon receipt of matching funds.

In response to a question from Goerger, Broekema stated that confidentiality is requested due to the running of results through models and can't supply public report without that information.

It was moved by Christianson, seconded by Schneider, and carried on a voice vote after amendment that the Council's funding be contingent on the securing of matching funds by August 1.

CONFIDENTIAL APPLICATIONS

It was moved by Schneider, seconded by Goerger and carried on a voice vote that the Renewable Energy Council meeting be closed to consider the two applications "ComPAKer " and "Development of Biojet Fuel from North Dakota Crop Oils" that include request for confidentiality pursuant to North Dakota Century Code 54-63-02.

The confidential session started at 12:30 p.m. and returned to open session at 1:30 p.m.

BM001-A: "Developing a Biomaterials Industry in North Dakota"; Submitted by: North Dakota Agricultural Experiment Station; Principal Investigator: Dr. F. Larry Leistritz; Project Duration: 12 months; Total Project Costs \$1,700,000; Request for: \$800,000

Al Christianson stated a conflict of interest associated with this proposal and Goettle stated the conflict of interest involved. Christianson stated that the conflict is that Great River Energy is working with Dr. Leistritz on the project.

Huether gave an overview of the project objective, peer reviews and reviewers' comments.

Huether stated the reviewers' concerns and made a recommendation with contingencies.

Huether said the two technical reviewers gave the proposal an average weighted score of 153.5 out of 250 points. Technical reviewers 21 and 22 recommended that funding may be considered.

Dr. Leistritz presented on the project, the biorefinery concept and how to meet the mandates at a competitive cost. He stated that the next phase is to build a pilot plant in conjunction with a power and ethanol plant.

Bernie Steele, MBI, presented on the commercial potential and demonstrating at the right scale. The project efforts are geared towards three tons per day to scale 30 tons per day.

It was stated that investment recruiting needs a huge commitment and the economic benefits for a 50 million gallon biorefinery were discussed. The project has gained support from the USDA and APUC.

In response to a question from Schneider, Steele stated that preliminary investigation has been done to meet standard requirements and other ways are being looked at to broaden the market.

In response to a question from Schneider, Steele stated that nanofibers contain characteristics so they can be molded.

In response to a question from Goerger, Steele stated the MBI is in Lansing, MI. They are a key player in this project.

Being no contingencies were recommended, Goettle discussed the matching funds requirements.

Steele stated that there are matching funding from MBI and federal grants. Goettle asked for documentation of matching funds be provided before submitting the application to the Industrial Commission.

In response to a question from Goerger, Leistritz stated that \$140,000 in funding is coming.

In response to a question from Huether, Steele stated that the additional \$900,000 will be used for labor and equipment, and engineering consultants.

COMPLETION OF BALLOT

A motion for a contingency was suggested by Huether for the "Landfill Gas Renewable Energy Project" to put together an educational handbook.

It was moved by Goerger, seconded by Mack, and carried on a voice vote to approve this contingency.

Goettle opened up discussion on each individual project starting with the Fargo project.

Goerger commented on what is new with the project and Schneider offered that other projects have greater potential.

In response to a question from Christianson, Goettle stated that the Council can recommend something less than what the proposal requested. The cap is at \$500,000 for project funding.

Seeing no further discussion, Goettle proceeded with voting on the Renewable Energy Program applications by confidential ballots. The votes were tallied by Fine and read by Goettle:

R001-B: "Landfill Gas Renewable Energy Project" – Fund: 0 votes. Do Not Fund: 6 votes.

R001-C: "ComPAKer" – Fund: 4 votes. Do Not Fund: 2 votes.

R001-D: "Blue Flint Ethanol E85 Blending Facility" – Fund: 6 votes. Do Not Fund: 0 votes.

R001-G: "Abundant Energy: A Proposal for Wind Power Development and Technical Education" – Fund: 5 votes. Do Not Fund: 1 votes.

R001-I: "Feasibility Study of a Biomass Supply for the Spiritwood Industrial Park" – Fund: 6 votes. Do Not Fund: 0 votes.

R001-K: "Development of Biojet Fuel from North Dakota Crop Oils" – Fund: 3 votes. Do Not Fund: 3 votes.

ROLL CALL VOTE ON BM001-A

In response to a question from Goerger, Leistritz said that MBI will receive part of the funds.

It was carried unanimously on a roll call vote to recommend funding for BM001-A: "Developing a Biomaterials Industry in North Dakota". Goettle, Christianson, Goerger, Mack, Nisbet, and Schneider voted "aye." No negative votes were cast.

ADMINISTRATIVE BUSINESS

Goettle asked for recommendations on program improvements and the current process. It was suggested that more notice of the meetings be given, as well as meeting materials sent out sooner. Huether asked for comments on the screening process for projects and Goettle stated that the process needs that level of separating out the applications.

Goettle stated that recommendations for technical reviewers in all categories are needed.

Goerger supports using a confidential ballot.

Goettle asked the Council on the length of the applications. The Council agreed that it is of appropriate length.

A suggestion was made for an executive summary of each project. Fine stated that the abstract takes care of this purpose.

Goettle discussed the 2008 calendar, grant round 2 applications, legislative issues and budget

submission deadlines. The next meeting will be held on Tuesday, July 8, 2008.

Round 3 applications deadline is November 1, 2008, and the meeting will be January 5, 2009.

ADJOURNMENT

It was moved by Mack, seconded by Schneider and carried on a voice vote that the meeting be adjourned. Chairman Goettle adjourned the meeting at 3:47 p.m.

Shane Goettle	Date
Chair	

Brandi Schoenberg	Date
Acting Recorder	